

FSA
HANDBOOK

Loans and Loan Deficiency Payments for Rice

For State and County Offices

SHORT REFERENCE

2-LP Rice
(Revision 9)

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

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**Loans and Loan Deficiency
Payments for Rice
2-LP Rice (Revision 9)**

Amendment 3

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

Exhibit 7 has been amended to include the 2004 crop year loan rates and discounts.

Page Control Chart		
TC	Text	Exhibit
		7, pages 1, 2 pages 5, 6 pages 7, 8 (add) page 9 (add)

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Part 1 Basic Program Provisions

1 Overview

A Handbook Purpose

This handbook provides instructions for administering marketing assistance loan and LDP programs for 2002 through 2007 crops of rice.

B Sources of Authority

Authority for the policies prescribed in this handbook is in the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-424) for 2002 through 2007 rice loan and LDP programs.

Section 1 General Provisions

2 Related Handbooks

A Handbooks

Use this handbook with 8-LP and 12-PS. Other related handbooks include the following.

Handbook	Purpose
2-CM	Common management provisions
1-CMA	CMA's
2-CP	Reporting acreage
1-FI	Preparing CCC-184's
3-FI	Depositing funds to CCC's account
50-FI	Interest rates
58-FI	Establishing claims
63-FI	Assignments and joint payment system
5-LP	Commodity inspection procedures
* * *	* * *
1-PL	Payment limitation

3 Loan and LDP Availability

A Availability Dates

Loans and LDP's are available from the date loan rates are announced through May 31 of the year after the calendar year in which the crop is normally harvested.

Nonworkday: If the final loan availability date falls on a nonworkday, the producer's option to request a loan or LDP shall be extended until the next workday.

4 Loan Maturity Date

A Loans

Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which CCC-677 or CCC-678 is approved. See subparagraph 15 C for repledged loans.

Nonworkday: If the maturity date falls on a nonworkday, the producer's option to repay the loan at the AWP repayment rate shall be extended until the next workday.

5 Spot Checks and Production Evidence

A Spot-Checking Loans and LDP's

Farm-stored loans and LDP's are subject to spot-check during and after the loan availability period. See 8-LP, Part 5, Sections 1 and 2 for the following:

- selecting loans and LDP's for spot check
- spot check verifications.

Handle program violations, including incorrect certification, unauthorized removal, and unauthorized disposition according to 8-LP, Part 6.

B Required Production Evidence

Production evidence is required for loan quantity or LDP selected for spot check as follows:

- outstanding farm-stored loan repaid at AWP
- certified:
 - basic LDP's
 - field direct LDP's
- *--measured LDP's, when measurement service is not used as final production.--*

See 8-LP, Part 5, Section 3 for production evidence policy.

6-12 (Reserved)

Section 2 Eligibility**13 Eligible Rice Producer****A Definition of Eligible Producer**

An eligible producer may participate in the loan and LDP programs for a farm if the producer:

- shares in the risk of producing rice
- has beneficial interest in the rice for which a loan or LDP is requested
- has met all other eligible requirements according to 8-LP, Part 2.

See 8-LP for determining beneficial interest.

B Other Eligibility Requirements

See 8-LP, Part 2 for producer eligibility requirements regarding:

- annual program requirements
- person determinations
- applicable crop insurance requirements
- legal entities
- estates and trusts
- minors
- heirs of deceased producer
- * * *
- payment limitations
- other entities
- foreign persons.

C Ineligible Producer

See 8-LP, Part 2 for producers who are ineligible for loan or LDP.

14 Producers Marketing Through CMA's

A Approved CMA's

CMA's approved by CCC may obtain loans or LDP's on eligible rice for the CMA members who are eligible to receive price support.

An approved CMA is considered an eligible producer. See 1-CMA for approved rice CMA's.

B Determining Member's Eligibility

Member eligibility is determined according to 1-CMA, Part 11.

C Farm-Stored Loans and LDP's

Contact PSD through the State and County Offices to determine eligibility, based on the approved CMA agreement, each year for the first loan or LDP CMA requests for farm-stored rice.

15 Eligible Rice

A Basic Eligibility Requirements

To be eligible for 2002 through 2007 crop year loans and LDP's, rice must:

- have been produced by an eligible producer
- be in existence and in storable condition
- be merchantable, and **must not** contain:
 - mercurial compounds
 - toxin-producing molds
 - other substances poisonous to humans or animals

*--**Note:** Contaminated commodities are eligible for nonrecourse loan at a reduced loan rate.--*

- meet the definition of rice in the official United States Standards for Rice
- meet the specific commodity eligibility requirements for a nonrecourse loan.

Note: See 8-LP for general requirements for nonrecourse loans.

B Definition of Low Quality Rice

Low quality rice is rice that grades 6 or Sample Grade according to Exhibit 5 and the United States Standards for Rice.

See Part 5 for LDP's on low quality rice.

C Repledged

Rice previously pledged as collateral for a loan that was redeemed with cash, at principal plus interest, may be repledged for loan during the applicable loan availability period. See subparagraph 46 C.

The maturity date for the repledged rice shall be the same as the maturity date for the initial loan.

16 Quantity Eligible for Loan or LDP

A Quantity Eligible, 2002 Through 2007 Crop

Any 2002 through 2007 crop rice produced by a producer on a farm is considered eligible, except as provided in paragraph 17.

B Approved Storage

See 8-LP for approved storage requirements for loan.

Approved storage requirements for LDP's are waived.

C Farm-Stored Rice

Farm-stored loans and LDP's will be limited to 100 percent of the eligible certified or measured quantity for initial loan disbursements and LDP's made during the loan availability period.

D Warehouse-Stored Rice

For warehouse-stored rice, price support will be limited to 100 percent of the eligible quantity recorded on warehouse receipts submitted during the loan availability period. Require the producer to obtain a replacement receipt that represents only the eligible quantity, if applicable.

E Individual Loans or LDP's

Any eligible rice not delivered to an approved CMA shall be eligible for individual loans or LDP's, according to subparagraph A.

16 Quantity Eligible for Loan or LDP (Continued)

F CMA Loans or LDP's

Approved CMA's shall be eligible for farm- and warehouse-stored loans or LDP's on the eligible quantity that CMA members deliver to CMA for which requests are filed according to subparagraph A.

See subparagraph 14 C for additional eligibility requirements for CMA's requesting farm-stored loans or LDP's.

G Reasonable Quantity for Individual Producers

The total quantity of rice eligible for loans and LDP's for a producer is limited to the quantity that could reasonably have been produced on the eligible acreage based on the conditions in the area. See 1-CMA for CMA's.

Use the price support queries, according to 12-PS, Part 14, Section 6, to determine the approximate quantity eligible for loan or LDP.

H LDP Quantity Requested and Denied

Rice requested for LDP and denied because of payment limitation only, is eligible for nonrecourse loans.

17 Quantity Ineligible for Loan or LDP

A Loans

Quantities of rice are not eligible for loan if:

- *--previously pledged for loan and repaid with cash at a rate less than the principal plus interest or exchanged with a commodity certificate--*
- LDP has been requested and made on that quantity, except for subparagraph 16 H.

If ineligible rice is inadvertently placed under loan, call the loan according to 8-LP, Part 6. The producer is required to repay the principal plus accrued interest.

B LDP's

Quantities of rice are not eligible for LDP if:

- previously pledged for loan and repaid with cash at a rate less than the principal plus *--interest or exchanged with a commodity certificate--*
- LDP has been made on that quantity.

18 Maintaining Quality and Quantity

A Damaged Rice

County Offices shall remind producers requesting farm-stored loans that damaged rice may deteriorate more quickly than rice that is in good condition, and that:

- CCC will not assume any loss in quality or in quantity
- settlement will be based on the quantity and quality of the rice delivered.

B Cautioning Producers

County Offices shall caution producers that liquidated damages and administrative actions apply according to 8-LP, Part 6 if either of the following is determined:

- for loans, incorrect certification, unauthorized removal, or unauthorized disposition
- for LDP's, incorrect certification.

19-25 (Reserved)

Section 3 Quantity and Quality Determinations**26 Quantity Determination****A Warehouse-Stored Rice**

For warehouse-stored rice, the quantity that may be placed under loan or LDP in an approved warehouse shall be the eligible net hundredweight specified on the warehouse receipt or supplemental certificate, if applicable.

Notes: If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

B Farm-Stored Rice

For farm-stored rice, the quantity in an approved storage structure that may be placed under loan or LDP shall be limited to 100 percent of the eligible certified or measured quantity.

Note: The quantity can be further adjusted according to Exhibit 5, subparagraph C.

27 Quality Determination**A Quality Factors**

Quality factors, including class, grade, grading factors, and milling yield, shall be determined according to the Official U.S. Standards for Rough Rice.

B Milling Yield

The milling yield is an estimate of the quantity of whole kernels and total milled rice (whole and broken kernels combined) that is produced in the milling of brown rice for processing to a well-milled degree.

The milling yield must be expressed in whole numbers on both of the following:

- warehouse receipts
- supplemental certificates.

C Specifying Class of Rice

The class long grain, medium grain, or short grain must be specified.

Note: Only 1 class is permitted per loan.

D Warehouse-Stored Loans

Warehouse operators must obtain official grade determination when requested by producers.

Note: CCC shall not pay for official grade determinations.

E Farm-Stored Loans

Quality determinations shall not be made for farm-stored loans.

28-34 (Reserved)

Section 4 Warehouse Receipt Requirements

35 General Warehouse Receipt Requirements

A Basic Requirements

All warehouse receipts must:

- represent eligible rice actually stored in a UGRSA warehouse
- be negotiable
- be issued to the producer, or in the case of loans made to approved CMA's, the receipt should be issued to CMA
- be endorsed in blank to vest title in the holder
- show ownership, if the rice is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that the rice is insured.

***--Note:** See 8-LP, paragraph 448 A for additional warehouse receipt requirements.--*

35 General Warehouse Receipt Requirements (Continued)**B Required Entries**

Each warehouse receipt must show:

- name and address of storing warehouse
- warehouse code assigned by CCC
- warehouse receipt number
- date receipt was issued
- date the rice was received
- storage start date and date storage is paid through
- whether the rice was received by rail, truck, or barge
- amount of prepaid in or out charges, if any
- net weight
- class (only 1 class of rice is permitted for each loan or LDP)
- grade
- special grade designation, if applicable
- grading factors, including color, smut, moisture, and heat damage
- milling yield
- signature of warehouse operator or authorized agent
- commingled rice.

Note: For warehousemen operating under a merged warehouse code agreement, warehouse receipts must show the location and county to which the producer delivered the rice.

C Liens for Charges Indicated on Warehouse Receipt

If a warehouse receipt pledged as loan collateral indicates a lien on the rice for specified charges, such as drying or hauling, the warehouse receipt shall not be accepted for loan purposes. See 8-LP, Part 4, Section 3 to determine loan eligibility.

Liens on rice do **not** affect LDP requests.

36 Supplemental Certificates

A Supersede Warehouse Receipt

Supplemental certificates that are fastened to a warehouse receipt supersede entries on the warehouse receipt.

B Infested Designation

When the warehouse receipt shows “infested”, the supplemental certificate must show the same:

- grade without the “infested” designation
- grading factors and quality shown on the warehouse receipt.

C Excess Moisture

To be eligible for loan, warehouse receipts showing moisture that exceeds 14.0 percent must have a supplemental certificate fastened to the warehouse receipt that shows an acceptable level of moisture.

The supplemental certificate must show the grade, grading factors, and quantity after drying or blending of the rice.

37-45 (Reserved)

Part 2 Making Loans**Section 1 Basic Loanmaking Provisions****46 Obtaining Loans****A Individual Producers**

Eligible producers may obtain loans according to 8-LP and this handbook by placing rice in approved:

- farm storage and certifying the quantity on CCC-666 or requesting measurement service, and obtaining a loan on up to 100 percent of the certified or measured quantity
- warehouse storage and obtaining loans on 100 percent of the net quantity shown on the warehouse receipt.

B Approved CMA's

Approved CMA's may:

- obtain farm-stored loans on rice stored on farms in approved storage structures, if other eligibility requirements are met
- obtain warehouse-stored loans on rice stored in approved warehouses
- obtain a loan on rice that members previously placed under individual-producer loans and eventually delivered to CMA only if the loan was repaid as principal plus interest
- **not** pledge as collateral for loan, any rice on which LDP has been made.

46 Obtaining Loans (Continued)**C Repledging**

Producers and approved CMA's may repledge a quantity of eligible rice that was previously *--mortgaged to CCC as collateral for a marketing assistance loan, and the loan was repaid at--* principal plus interest.

The maturity date of repledged loans shall be the same as the original loan maturity date.

Rice may **not** be repledged as collateral for loan if the original loan was any of the following:

- called because of incorrect certification, unauthorized removal, or unauthorized disposition
- repaid with cash, using an AWP repayment rate
- *--exchanged with a commodity certificate.--*

D Contracts

Review contracts, or require certification of no contract, if applicable, and make beneficial interest determinations according to 8-LP before approving loans **only** in situations when there is reason to believe the producer may have lost beneficial interest in the rice.

47-55 (Reserved)

Section 2 Initial Loanmaking**56 Loanmaking****A Farm-Stored Loan Rates**

Farm-stored loan rates are established by State for the major rice-producing States. See Exhibit 7.

B Recording Loan Rates in APSS

Record loan rates in APSS by crop year according to 12-PS, Part 3.

C Loan Number Register

APSS will assign a loan number sequentially with loan numbers for each crop year.

Note: If a manual loan is prepared for entry into APSS at a later date, assign a 90000 series number sequentially with the 90000 series loan numbers obtained from CCC-676 for the applicable crop year.

D Lien Searches and Financing Statements

Follow applicable procedure in 8-LP for:

- performing lien searches
- obtaining lien waivers
- filing UCC-1's or UCC-1F's, for farm-stored loans.

56 Loanmaking (Continued)

E Discounts

See Exhibit 7 for the applicable discounts for loans.

Note: Discounts do not apply to farm-stored loan disbursements.

F State Assessments

When applicable, State assessments shall be deducted from the loan amount at the applicable rate.

G Verifying Eligible Quantity

COC shall verify that the quantity of rice a producer pledges as collateral for loan does not exceed the producer's share of the quantity that could reasonably have been produced on the farm * * *. See subparagraph 16 G.

57 Loanmaking for Farm-Stored Loans

A Loan Rates

Use the applicable loan rate in Exhibit 7 to calculate the loan amount for certified or measured farm-stored loans.

The loan rate shall be:

- 20 percent of the loan rate for low quality rice, as applicable
- 30 percent of the loan rate for rice harvested as other than grain, as applicable
- 10 percent of the loan rate for contaminated rice, as applicable.

B Requesting Farm-Stored Loans

When requesting farm-stored loans, producers shall:

- for certified loans, certify on CCC-666 the quantity in farm storage according to 8-LP, Part 4
- for measured loans, request measurement service according to 8-LP, Part 4
- certify whether the rice is aromatic. See subparagraph C.

STC shall not require that a loan be measured before or after disbursement. Loans are available on the quantity of eligible rice certified by the producer.

57 Loanmaking for Farm-Stored Loans (Continued)

C Aromatic Rice

Aromatic rice must be:

- pledged under separate loan agreements than loan agreements for nonaromatic rice
- stored separately from nonaromatic rice.

Advise producers pledging aromatic rice for loan that:

- for deliveries to CCC, producers are required to deliver the rice to a UGRSA-approved warehouse designated by CCC
- not all UGRSA-approved warehouses may be willing to store aromatic rice
- producers shall not receive any credit for expenses incurred in the delivery of aromatic rice.

D Record of Measurements

Complete and maintain CCC-677-1 according to 8-LP for measured loans and spot checks.

58 Loanmaking for Warehouse-Stored Loans

A Acceptable Receipts

When the request for a warehouse-stored loan is made, producers shall present acceptable warehouse receipts to County Offices.

Note: If any information on the warehouse receipts is incorrect or otherwise unacceptable for recording the loan in APSS, the County Office shall:

- not approve the loan
- require the producer to do the following before approving a warehouse-stored loan:
 - submit acceptable warehouse receipts
 - obtain lien waivers, if applicable.

B Loan Rates

APSS will use the loan rates in Exhibit 7, adjusted for applicable discounts, to calculate the loan amount.

For low quality rice, adjust the loan rate to 20 percent, as applicable.

58 Loanmaking for Warehouse-Stored Loans (Continued)

C Handling and Storage Charges

Do not require producers to prepay handling and storage charges; however, if storage is not provided for through the maturity date, unpaid storage will be deducted from the loan at the UGRSA rate in effect on the date the rice was delivered to the warehouse.

Notes: The unpaid storage period is from the later of the date the rice was delivered or the day after the date through which storage was paid, through the loan maturity date.

--If a loan repayment is made using an AWP repayment rate or loan collateral is exchanged with a commodity certificate, process an additional disbursement for-- previously deducted storage according to 12-PS, Part 9:

- before establishing the repayment rate
- by entering the loan maturity date as the storage paid through date for each warehouse receipt that will be included in the repayment.

59-67 (Reserved)

Section 3 Additional Quantity for Farm-Stored Loans

68 Additional Quantity Limitations

A Increase in Quantity Only

Additional disbursements for an increase in the loan quantity are not authorized.

***--Note:** During the loan availability period, producers may request a new loan or LDP for quantities exceeding the initial loan quantity provided the producer still has beneficial interest in the rice.--*

* * *

B Transfer From Farm to Warehouse

When farm-stored rice is transferred to an approved warehouse for storage, a disbursement for additional quantity may be available. See 8-LP, Part 8.

* * *

69 (Withdrawn--Amend. 2)

70-89 (Reserved)

Part 3 Repayments and Releases**90 Overview****A In This Part**

This part includes the provisions of loan repayments.

B Marketing Loan Repayments

Marketing loan repayments are intended to:

- minimize potential loan forfeitures
- minimize the accumulation of rice stocks by the Federal Government
- minimize the cost incurred by the Federal Government in storing rice
- allow rice produced in the United States to be marketed freely and competitively, both domestically and internationally.

C Dead Hour

The dead hour is 1 hour before the price announcement is made and is normally scheduled for every Tuesday at 3 p.m. e.t.

County Offices shall not accept market loan repayment or LDP requests from 2 p.m. e.t. on a date that a price announcement is made, unless the repayment rate is locked-in on CCC-697.

If the scheduled announced day is a holiday or nonworkday at the National Office, the dead hour will:

- not apply to the scheduled day
- apply on the actual day the price is announced.

Example: The National Office was closed because of adverse weather conditions on Tuesday, January 14, 2003. The next workday was Thursday, January 16, 2003. The dead hour for this announced rate is from 2 p.m. e.t. to 3 p.m. e.t. on Thursday, January 16, 2003.

Section 1 Loan Repayments

91 Loan Repayment Provisions

A Types of Repayments

Farm-stored and warehouse-stored loans may be repaid at any time during the loan period at:

- the AWP repayment rate, under the 2002 through 2007 marketing assistance loan provisions
- principal plus interest.

See subparagraph 90 C for dead hour exception.

B When to Require Principal Plus Interest

Loan repayments **must include principal plus interest** on quantities delivered under CCC-681-1 and either of the following applies:

- repayment is made after the end of the grace period for CCC-681-1
- repayment is for the quantity delivered after loan maturity, even if repayment is made by the end of the grace period.

See 8-LP, Part 9 for interest calculation procedures.

91 Loan Repayment Provisions (Continued)**C AWP Repayment Rate**

Calculate the AWP repayment rate using the world market prices posted on either of the following:

- www.fsa.usda.gov/dafp/psd/
- “Daily Market Rates” downloaded from KCCO.

Note: County Offices shall verify the weekly rice rates printed on the “Daily Market Rates” for correct information according to the official Tuesday announcement.

Subtract the:

- world market index from the whole kernel loan rate for the applicable class of rice to determine the market gain rate, which may be negative or positive
- market gain rate from the loan rate on CCC-677 or CCC-678 to determine the repayment cost per hundredweight.

Note: APSS will calculate the AWP repayment rate based on the value entered in the “World Market Index” field.

D When Market Prices Are Announced

Market prices will be announced, to the extent practicable, at 3 p.m. e.t. each Tuesday and will be effective upon announcement.

Exception: If Tuesday is a nonworkday, the announcement will be made on or after 3 p.m. e.t. the next workday. See subparagraph 90 C for the dead hour exception.

91 Loan Repayment Provisions (Continued)**E Locking-in Repayment Rates**

Producers may lock in a repayment rate for farm-stored rice by completing CCC-697 according to 8-LP, Part 9.

Exception: Producers shall **not** be authorized to file CCC-697 with a locked-in repayment rate from 2 p.m. e.t. on a date that a price announcement is scheduled until the announcement is made. See subparagraph 90 C for dead hour exception.

--Producers cannot use a commodity certificate to exchange loan collateral specified on CCC-697.--

F Payment Limitations

See 8-LP for applicable payment limitation rules.

G Denied Market Gains

Part or all of a producer's calculated market gain may be denied if **any** of the following apply:

- payment limitation is reached
- percent of cropland factor is less than 1.000
- permitted entity share is less than 100 percent.

See 8-LP for denied market gains.

91 Loan Repayment Provisions (Continued)

H Production Evidence Required

Loans that are repaid under the marketing assistance loan provisions require production evidence to be submitted if the loan is selected for spot check. See 8-LP, Part 5 for determining:

- acceptable production evidence
- when to submit production evidence.

I Market Gain Reported to IRS

The market gain is the difference between the loan principal that is liquidated and the amount needed for the loan repayment, when the loan repayment amount is less than the loan principal amount that is liquidated.

The amount of market gain is reported to IRS.

J Spot Checks

Farm-stored loans that are repaid under the loan provisions without production evidence remain subject to spot check according to 8-LP.

92 Filing CCC-681-1

A Why File CCC-681-1

If the proceeds from the sale of the collateral are needed to repay a farm-stored loan, producers may file CCC-681-1 according to 8-LP, paragraph 951.

93-104 (Reserved)

Section 2 Commodity Certificate for Commodity Exchanges

105 General Information

A Process

The following table describes the process to exchange commodity certificates for loan collateral.

Step	Function
1	Producer or producer’s agent requests to acquire loan collateral using commodity certificates.
2	County Office identifies loan and loan quantity, and determines exchange value using CCC-694-1 (Reverse).
3	Producer purchases commodity certificate for the exact dollar value needed to acquire the loan collateral from the County Office.
4	Producer signs for the commodity certificate and uses it to acquire the loan collateral.
5	County Offices release the loan collateral.

B Eligible Producer

Eligible producers must:

- have an outstanding commodity loan, not past maturity, to purchase commodity certificates
- immediately exchange commodity certificates for loan collateral.

105 General Information (Continued)

C Exchange Rate

The commodity certificate exchange rate is the CCC-determined value calculated according to 8-LP, Part 9, Section 7.

If the CCC-determined value is equal to or greater than the applicable county loan rate, there will be no commodity certificate exchange available on that day.

D Not Applicable to Commodity Certificate Exchanges

The following table explains the specific topics that are not applicable to commodity certificate exchanges.

Topic	Explanation
Lock in repayment rates	A commodity certificate exchange must not be applied to any quantity for which an outstanding CCC-697 exists.
Payment limitation	Commodity certificate exchanges are not applicable to payment limitation.
IRS reporting	Market gain earned from commodity certificate exchanges for loan collateral will not be reported by FSA to IRS on CCC-1099. However, producers should be reminded that either the loan disbursement or any market gain earned is income and must be reported as required by IRS.
FAXed signatures	FAXed forms or signatures are not authorized for purchasing commodity certificates or exchanging the certificate for a commodity.
Repledged commodities	Loan collateral exchanged with a commodity certificate is not eligible to be repledged.
Purchasing CCC-owned inventories	Commodity certificates may not be exchanged for CCC-owned inventory. Commodity certificates may only be exchanged for outstanding loan collateral.

106 Determining Commodity Certificate Exchange Value**A CCC-694-1 (Reverse) Objective**

Use CCC-694-1 to calculate the:

- certificate exchange rate using commodity certificates
- dollar value needed to purchase commodity certificates.

Because the exchange rate is the CCC-determined value, determine the CCC-determined value according to 8-LP, Part 9, Section 7.

Use the reverse side of CCC-694-1 to calculate the dollar value needed to purchase commodity certificates.

B Manually Assigning Transaction ID Number

Each commodity certificate transaction shall be identified by a unique transaction number. For commodity certificate exchanges not immediately recorded through APSS, manually assign the commodity certificate transaction number as a digit number comprised of the crop year, loan number, and a 4-digit number.

Example: 00-00210-0001.

Note: When the commodity certificate exchange is recorded in APSS, the system will generate a commodity certificate exchange number and will print that number on CCC-500.

106 Determining Commodity Certificate Exchange Value (Continued)

B Assigning Transaction ID Number (Continued)

County Offices shall:

- use CCC-676 to maintain a register for manual certificate transaction ID numbers only
- assign numbers sequentially by crop year for **each** loan being redeemed with commodity certificates, starting with 0001
- complete CCC-676 according to the following table.

Item	Instruction
1	Enter the State and county codes.
3	Enter the: <ul style="list-style-type: none"> • crop year • loan number • sequentially assigned number.
4	Enter the producer’s name.
5	Enter the commodity.
6 and 7	Leave blank.
8	Enter the loan quantity to be exchanged with commodity certificates.
9	Enter the dollar value of the commodity certificate.
10	Enter information, as applicable.

Notes: See 8-LP, paragraph 491 for an example of CCC-676. Change CCC-676 headers, as applicable. Use only if a manual transaction ID number is needed.

106 Determining Commodity Certificate Exchange Value (Continued)

C Completing CCC-694-1 (Reverse)

Manually complete CCC-694-1 (Reverse) according to the following table.

Complete items:

- 23 through 28 and items 34 through 41 to determine the commodity certificate value needed
- 29 through 32 to complete the loan exchange.

If items 34 through 41 are completed, forward totals to items 24, 25, and 30, as applicable.

Item	Instruction
23 and 34	Enter crop year, loan number, and commodity certificate transaction ID number determined from the transaction number register according to subparagraph B. For multiple loan exchanges, enter this information in item 34, as applicable. If multiple loan exchanges are applicable, ENTER "See Item 34" in item 23, as applicable.
24	Enter the total commodity certificate value determined by multiplying item 25 times item 28.
25	Enter the total loan quantity to be exchanged. For multiple or partial loan exchanges, include item 39 in the total entered in item 25, as applicable.
26	Enter the loan rate, as applicable.
27	Enter the exchange date. This is the date the commodity certificate is purchased from CCC.
28	Enter the exchange rate. This is the market loan repayment rate in effect on the date the commodity certificate is purchased according to paragraph 4.

106 Determining Commodity Certificate Exchange Value (Continued)

C Completing CCC-694-1 (Reverse) (Continued)

Item	Instruction
29	Enter the loan quantity to be redeemed from item 25.
30	Enter the loan principal to be repaid, by multiplying item 26 times item 29. For multiple loan exchanges, include the total loan principal from item 40.
31 and 32	Leave blank.
33	Enter remarks, as applicable.
34 through 41	Complete as necessary. Carry forward all totals to items 24, 25, and 30, as applicable.
42	Sign, date, and provide title, as applicable. County Offices shall file CCC-694-1 and CCC-681-1 A in the loan folder. Provide a copy of CCC-694-1 to the producer, as applicable.

Notes: See 8-LP:

- paragraph 991 for an example of CCC-694-1
- paragraph 985 for other methods that may be used to calculate the commodity exchange.

CCC-694-1 must always be filed in the producer’s loan folder.

107 Purchasing Commodity Certificates

A CCC-694-2 Objective

CCC-694-2:

- is the acknowledgment between CCC and the producer of commodity certificate purchase to exchange for loan collateral
- replaces CCC-681-1A used for commodity certificate exchanges.

B CCC-694-2 Process

County Offices shall:

- prepare one CCC-694-2 for all loans being exchanged at 1 time by the producer
- include all commodity certificate transaction codes for all loans on one CCC-694-2.

C Who May Purchase CCC-694-2

The following may purchase a commodity certificate and exchange it for commodities previously pledged as collateral for a loan:

- any producer who signed CCC-677 or CCC-678, as applicable
- a person with a valid FSA-211 for a producer who signed CCC-677 or CCC-678, as applicable
- only the signature of the producer purchasing the commodity certificate is required for joint loans.

D Retaining CCC-694-2

CCC-694-2 **must never**:

- leave the County Office
- be photocopied
- be FAXed.

County Offices must file CCC-694-2 in the producer's loan folder, as applicable.

107 Purchasing Commodity Certificates (Continued)

E Completing CCC-694-2

Manually complete CCC-694-2 according to the following table.

Item	Instruction
1	Enter the crop year.
2A	Enter name and address of the producer requesting to purchase commodity certificate for loan exchange.
2B	Enter ID number of the producer requesting to purchase commodity certificate for loan exchange.
3	No entry is required.
4	Enter check number of the check received from the producer.
5	Enter the date of the check received from the producer.
6	Enter the check amount received from the producer that was determined on CCC-694-1, item 24.
7	<p>Enter the commodity certificate transaction number or numbers. This number is any or both of the following:</p> <ul style="list-style-type: none"> • the manually assigned number according to 8-LP, subparagraph 991 B • the APSS-assigned transaction number printed on CCC-500.
Part B	<p>After the producer has read the Agreement, obtain the signature of the producer purchasing the commodity certificate and the date of signature.</p> <p>Place CCC-694-2 and CCC-694-1 (Reverse) in the producer’s loan folder for which the commodity was exchanged, as applicable.</p>

Note: See 8-LP, paragraph 992 for an example of CCC-694-2.

108 Exchanging Commodity Certificate for Loan Collateral

A When to Exchange Loan Collateral

When the producer has signed CCC-694-2 and the check has been submitted to purchase the commodity certificate, **immediately** complete the exchange of commodity certificates for loan collateral.

B Completing the Exchange

County Offices shall:

- determine loan quantity to be exchanged according to 8-LP, paragraph 991
- release loan quantity in the normal manner
- record the commodity certificate exchange through APSS.

108 Exchanging Commodity Certificate for Loan Collateral (Continued)

C Completing Commodity Certificate Exchanges With CCC-681-1 or CCC-685

If a producer wants to complete CCC-694-2 and use the buyer's check to purchase the commodity certificate, the producer may sign CCC-694-2 to acknowledge the commodity certificate exchange for loan collateral when CCC-681-1 or CCC-685 is requested.

When the buyer's check is received, County Offices shall:

- use the buyer's check to purchase the commodity certificate applicable to CCC-681-1 or CCC-685
- use the exchange rate in effect on the date the buyer's check is received in the County Office
- complete CCC-694-1 and CCC-694-2, as applicable
- complete the commodity certificate purchase
- repay the loan in the normal manner
- release the commodity or warehouse receipts in the normal manner.

If CCC-681-1 is requested by telephone, advise the producer to visit the County Office before the CCC-681-1 expiration date to complete CCC-694-2, as applicable.

109-124 (Reserved)

Part 4 Settlements and Forfeitures**125 Overview****A In This Part**

This part includes the provisions for handling settlements for farm-stored rice delivered to CCC, and for warehouse-stored rice forfeited to CCC.

B Maximum Quantity for Delivery

The quantity eligible for delivery to CCC under a farm-stored loan settlement is limited to 110 percent of the outstanding loan quantity.

Note: If the maximum quantity is exceeded, require the producer to obtain a corrected warehouse receipt according to 8-LP.

C Rice Delivered Not Meeting Standards

For farm-stored rice delivered that does not meet the minimum eligibility standards for warehouse-stored loans, settle through APSS using the discounts in Exhibit 7.

If the special grade designation “**glutinous**” or “**parboiled**” is present on a warehouse receipt, contact PSD for further instructions.

D Aromatic Rice

Aromatic rice must be delivered, at the producer’s expense, to a UGRSA-approved warehouse designated by CCC.

Credit for excess haul according to 8-LP, Part 10 shall not be granted to producers delivering aromatic rice.

Section 1 Settlements

126 Loan Maturity Report for Settlements**A Preparing Report**

Prepare a loan maturity report according to 12-PS, Part 9, Section 2.

B Sending Notice of Maturity Letters

Send notice of maturity letter to producers with outstanding farm-stored loans according to 8-LP, paragraph 23 at least 45 calendar days, but not more than 60 calendar days, before the applicable loan maturity date.

Note: Indicate in the maturity letter for producers with loans on aromatic rice that:

- for deliveries to CCC, producers are required to deliver the rice to a UGRSA-approved warehouse designated by CCC
- not all UGRSA-approved warehouses may be willing to store aromatic rice
- producers shall not receive any credit for expenses incurred in the delivery of aromatic rice.

127 Determining Loan Settlement Values**A Basic Rule**

Settlements shall be based on the quantity, limited according to 8-LP, Part 10 and quality of rice delivered in the settlement of the loan.

B Settlement Rate Based on Milling Yield

Settlement rates, like loan rates for warehouse-stored loans, are based on whole kernels and broken rice times the national loan rate for the class of rice delivered, then adjusted for discounts.

C Discounts

For the applicable discounts, see Exhibit 7.

Note: To obtain discounts for factors or percentages of factors **not** shown in Exhibit 7:

- contact PSD by:
 - telephone at 202-720-9154
 - e-mail at **Kimberly_Graham@wdc.usda.gov**
- do **not** contact KCCO.

D Settlement Value of Zero

If discounts applied during settlement result in the rice having a value of zero or less than zero, use zero as the settlement value.

128 Handling Settlements

A Preparing CCC-691

Schedule deliveries and prepare CCC-691 according to 8-LP, Part 10.

B CCC-692

Process the settlement in APSS according to 12-PS, Part 9, Section 5, to generate CCC-692 and, if applicable, CCC-184's. If the settlement results in an amount due:

- producer, issue CCC-184's
- CCC, send the producer a notification letter for the amount due according to 8-LP, Part 10.

Note: See 8-LP, Part 10 for charges and credits applicable to the settlement.

C Releasing Note

After the settlement has been completed, mark the original note and security agreement as settled and return it to the producer.

129-140 (Reserved)

Section 2 Forfeitures**141 Loan Maturity Report for Forfeitures****A Preparing Report**

Prepare a loan maturity report according to 12-PS, Part 9, Section 2.

B Sending Notice of Maturity Letters

Send notice of maturity letter to producers with outstanding warehouse-stored loans according to 8-LP and the following:

- notify each producer of the maturity date and the following options that are available:
 - redeem collateral by repaying the loan with cash, at principal plus interest
 - redeem collateral by repaying the loan with cash, at an AWP repayment rate
 - *--exchange outstanding loan collateral with a commodity certificate--*
 - settle the loan by forfeiting the collateral to CCC at maturity
- send the notice of maturity letter at least 45 calendar days, but not more than 60 calendar days, before the applicable loan maturity date.

142 Refunding Prepaid Charges

A Handling Charges

APSS will refund prepaid handling charges, if applicable, at the lower of the following rates:

- the approved UGRSA rate in effect on the date the rice was received at the warehouse
- the rate the producer paid to the storing warehouse.

B Storage Refund

When KCCO calls warehouse-stored loans before maturity or if storage was prepaid beyond loan maturity, make refunds for the period of the unearned storage not to exceed the approved UGRSA rate.

APSS will determine the amount of refund from the schedule of rates provided by KCCO for:

- the period corresponding to the date the loan was called through maturity
- the period of excess storage paid.

143 Handling Loan Forfeitures

A Warehouse-Stored Loan Forfeitures

Handle loan forfeitures according to 8-LP, Part 11.

Process forfeitures through APSS according to 12-PS, Part 10.

B Releasing Note

After warehouse receipts have been forfeited, mark the original CCC-678 “**forfeited**” and return it to the producer.

144-149 (Reserved)

Part 5 Loan Deficiency Payments

150 Overview

A In This Part

This part includes instructions for preparing and issuing LDP's.

B Definition of LDP

LDP's are payments made to producers who, although eligible to obtain a CCC marketing assistance loan, agree to forgo the loan in return for a payment on the rice.

The amount of LDP is the difference between the loan rate based on the national average milling yield and AWP, times the quantity.

151 Basic LDP Provisions

A General Provisions

LDP's:

- shall not be combined for more than 1 class of rice
- will be processed through APSS
- will be made in cash subject to assignment according to 63-FI
- will be issued by EFT or check, as applicable
- shall be subject to payment limitation
- are subject to:
 - administrative offset according to 58-FI
 - spot check according to 8-LP, Part 5
- must be approved before the final loan availability date
- cannot be:
 - canceled or repledged once a request has been made
 - repaid to obtain a loan or LDP
- are not subject to State assessments
- will be paid when approved.

Lien searches and lien waivers are not required.

151 Basic LDP Provisions (Continued)

B Producer Eligibility Requirements

Producers applying for LDP must:

- meet eligibility requirements in paragraph 13
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

C CMA Eligibility Requirements

CMA's applying for LDP must:

- meet eligibility requirements in paragraph 14
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

D Payment Limitations

See 8-LP for applicable payment rules for monitoring the limitation.

E Denied LDP Amounts

Part or all of a producer's calculated LDP amount may be denied if **any** of the following apply:

- payment limitation is reached
- percent of cropland factor is less than 1.0000
- permitted entity share is less than 100 percent.

F LDP Amount Reported to IRS

The amount of LDP is:

- the LDP rate, times the quantity
- reported to IRS.

151 Basic LDP Provisions (Continued)

G Commodity Eligibility Requirements

To be eligible for LDP, the rice must:

- not have been previously pledged as collateral for a price support loan
- meet the eligibility requirements in paragraph 15.

H Waiver of Storage Requirements

Approved storage requirements are waived when CCC-633 LDP is approved.

I LDP Number Register

APSS will assign an LDP number sequentially with loan numbers for each crop year.

J Filing LDP's

LDP's shall be maintained in 1 of the following:

- a separate LDP file for each request received
- one LDP file for each producer
- one LDP file for each producer by commodity.

K Low Quality Rice

Rice with low quality or grading 6 or Sample Grade are eligible for LDP. See 8-LP, Part 3, Section 3.

152 Request for LDP

A Request

LDP requests are complete when a County Office receives a completed and signed:

- CCC-709, according to paragraph 156
- CCC-633 LDP, according to paragraph 158.

LDP's must be requested:

- before beneficial interest is lost according to 8-LP, Part 2
- on or before the final availability date for the crop year of the commodity
- from a CMA-service County Office for CMA's according to 1-CMA
- at the County Office where the farm records are kept for the farm on which the commodity was produced in person or by FAX.

If the producer farms in more than 1 county, the County Office **first** contacted shall:

- accept requests
- contact other County Offices when either of the following applies:
 - the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
 - LDP's were received from more than 1 County Office
- FAX LDP requests to the applicable County Office for completion.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 LDP is received in the County Office to indicate the request date.

Issue payments when:

- CCC-633 LDP is approved
- quantity has been certified or delivery documentation received for field direct LDP's.

152 Request for LDP (Continued)

B Joint LDP's

All producers sharing in the rice who are requesting LDP jointly shall sign CCC-633 LDP.

C Contracts

Review contracts, or require certification of no contract, if applicable, and make beneficial interest determinations according to 8-LP before approving LDP's **only** in situations when there is reason to believe the producer may have lost beneficial interest in the rice.

153 FAXed LDP Applications

A Acceptable FAXed LDP Applications

FAXed LDP application requests are considered complete when CCC-633 LDP or CCC-709 is:

- correctly completed by the producer
- received in the County Office, as applicable.

B Ineligible FAXed LDP Applications

FAXed LDP requests submitted on any form other than CCC-633 LDP or CCC-709 are not acceptable.

C Incorrect FAXed LDP Requests

If CCC-633 LDP or CCC-709 is not correctly completed by the producer according to paragraph 156 or 158, as applicable, return the LDP request to the producer and explain the circumstances of request denial.

Instruct the producer that a new LDP request must be made to receive LDP. A new LDP rate will be established based on the date of the correctly completed request.

D Signatures

Follow-up original copies and signatures are not required for LDP requests FAXed on either CCC-633 LDP or CCC-709.

153 FAXed LDP Applications (Continued)

E Applications Requested But Not Received

If a producer inquires about a FAXed LDP application, and the application was not received in the County Office, County Offices shall:

- require producer to submit documentation to verify CCC-633 LDP or CCC-709 was FAXed
- accept producer's completed LDP application
- document the date the LDP application was FAX and the reason the FAX was not received
- use the LDP rate in effect on the date printed by the FAX machine on the original LDP request transmittal
- **not** accept or approve producer's LDP application unless the producer can provide verification of the actual FAXed date.

154 Eligible Quantity**A Commodity Eligibility Requirements**

To be eligible for LDP, the quantity of commodity must:

- meet eligibility requirements in paragraph 15
- have been produced by an eligible producer
- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal, plus interest
- not have been previously requested or paid for LDP.

A quantity of a commodity eligible to be repledged for a nonrecourse loan is eligible for LDP.

For LDP's on:

- commodities harvested as other than grain, see 8-LP, Part 3, Section 2
- low quality commodities, see 8-LP, Part 3, Section 3
- contaminated commodities, see 8-LP, Part 3, Section 4.

B Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- requesting measurement service
- certifying date of delivery for field direct LDP's
- providing delivery evidence
- certifying date of harvest, if immediately fed during harvest.

154 Eligible Quantity (Continued)**C Certified Quantity**

Producers may request LDP by certifying the quantity. A reasonableness check using yields established by COC, according to 8-LP, paragraph 132, must be completed to ensure that the commodity was produced by the producer. All certified LDP's are subject to spot check according to 8-LP, Part 5.

COC set yield does not ensure that the commodity was produced; however, it establishes a guide for reasonableness of production.

D Measured Quantity

Eligible producers may request measurement service to obtain LDP.

If measurement service is requested on FSA-409:

- complete CCC-677-1 in addition to CCC-633 LDP
- reduce the measured quantity to the maximum eligible moisture level if the commodity contains moisture exceeding the level for the commodity according to Exhibit 5.

LDP's requested by measurement service are not subject to spot check.

E Field Direct Quantities

Eligible producers may request payment for field direct LDP's by either of the following:

- certifying the quantity delivered and delivery dates for the quantity delivered
- providing production evidence.

LDP's requested by certification are subject to spot check.

If moisture levels are in excess of the maximum eligible moisture level applicable to the commodity, the producer may want to certify the moisture level to adjust the quantity.

F Quantity Supported by Production Evidence

If producers do not wish to certify to the quantity or date delivered, requests can be completed by providing production evidence according to 8-LP, Part 5, Section 3.

If production evidence is provided at time of payment request, LDP will not be subject to spot check.

155 LDP Rate**A Effective Date for LDP Rate**

The LDP rate is the rate in effect on the day of:

- request, if beneficial interest is maintained on date of request
- delivery, for field direct LDP's.

The request date is the date CCC-633 LDP is received in the County Office. County Offices shall date stamp CCC-633 LDP to verify the date the request is received.

The delivery date is the date the commodity is delivered to a buyer, warehouse, processor, or cooperative for field direct LDP's.

B Dead Hour

County Offices shall **not** accept LDP requests from 2 p.m. e.t. on a date for which a price announcement is scheduled, until the announcement is made.

C Determining the LDP Rate

The LDP rate for farm-stored and warehouse-stored rice is the difference between the loan rate and AWP for long, medium, and short grain rice.

The loan rate and AWP for this determination are based on national average milling yields; therefore, each class of rice will have only one LDP rate whether farm-stored or warehouse-stored.

Note: The LDP rate is obtained from either of the following:

- www.fsa.usda.gov/dafp/psd/
- "Daily Market Rates" downloaded from KCCO.

County Offices shall verify the weekly rice rates printed on the "Daily Market Rates" for correct information according to the official Tuesday announcements.

155 LDP Rate (Continued)**D Use World Market Index for APSS Entries**

The world market index is used to determine the loan repayment amount. APSS will require entry of the world market index from which the loan gain or LDP rate will be determined.

When the LDP rate is greater than zero, the whole kernel loan rate minus the world market index for the applicable class is equal to the LDP rate.

Note: The world market index is obtained from the “Daily Market Rates” downloaded from KCCO.

E Computing LDP

Compute LDP by multiplying the LDP rate times the quantity requested for LDP.

156 Field Direct LDP's**A General Field Direct Provisions**

A field direct LDP is available for producers who:

- will lose beneficial interest in the commodity at harvest when the commodity is delivered directly from the field to a processor, buyer, warehouse, or cooperative
- want to receive LDP on commodity based on the date delivered directly from the field to a processor, buyer, warehouse, or cooperative.

CCC-709 must be completed:

- on or before the date of harvest for the applicable commodity
- for 1 or more farm's expected production
- for all or a portion of the expected production.

CCC-709 may be completed after harvest begins but will be applicable only to quantities that have not been harvested.

B Commodity Delivered From Field to Farm Storage

Any commodity delivered to farm storage is not eligible for field direct LDP's **except** for:

- grain normally dried on the farm and **immediately** after drying is delivered to a processor, buyer, warehouse, or cooperative
- grain put in temporary farm storage for **immediate** delivery to a processor, buyer, warehouse, or cooperative.

Commodities stored on the farm for any other reason are not eligible for a field direct LDP and producers must complete CCC-633 LDP before beneficial interest is lost. COC shall determine the timeframe for "immediate".

156 Field Direct LDP's (Continued)**C Quantity Included on CCC-709**

The quantity included on CCC-709 delivered directly from the field to a processor, buyer, warehouse, or cooperative is eligible for an LDP rate, including zero, that is in effect on the date of delivery.

If the LDP rate on the delivery date or date of harvest of any quantity specified on CCC-709 is zero, the producer will not:

- receive LDP
- be eligible for a loan on that quantity.

D Applicable Production Unit Options

Producers may indicate production units when completing CCC-709 for field direct LDP's as follows.

- “Specific quantity” means only a specific quantity is requested for LDP. Producers must enter a specific quantity.
- “All” means all quantity delivered to a buyer, warehouse, processor, or cooperative is eligible for LDP. If “all” is indicated, no other production unit applies for the same farm.
- “All quantity delivered to a specific location” means only quantities delivered to this location are eligible for LDP. Producers must enter the location.
- “Any quantities delivered for immediate sales. Note: Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest” means the producer is eligible for field direct LDP on quantities delivered for immediate sale, for example, when the truck crosses the scale. Producers must request a basic LDP before beneficial interest is lost in the commodity delivered for storage and not immediately sold on the same date as delivered.
- “Other” means any other option as described by the producer.

156 Field Direct LDP's (Continued)

E Completing CCC-709

Complete CCC-709 according to the following table.

Notes: The producer must complete items 1 through 3; Part A, items 4 through 8; Part B, items 9 through 12; and Parts C and E.

If the producer is requesting LDP in person, the County Office may assist the producer, as applicable.

Only producers sharing in the quantity requested for LDP must sign and initial as applicable.

Item	Instructions
1	Enter the contact producer's name, address, and ID number. Note: The telephone number is optional.
2	Enter the crop year of the commodity for which LDP is requested.
3	Enter the commodity, class, variety, and type for which LDP is requested. Note: CCC-709 is required for each separate commodity.
4 through 7	All producers requesting this LDP shall: <ul style="list-style-type: none"> • check (✓) the applicable box to select either "yes" or "no" in response to Part A, items 4 through 7 • enter initials in the applicable box for each of the items. <p>Note: All producers signing CCC-709 must ensure that the information in Part A, items 4 through 7 is correct.</p> <p>If the response to items 6 and 7 is "no", the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the LDP request, as applicable.</p>
8	Check (✓) the applicable box to select the production unit for the LDP request.

156 Field Direct LDP's (Continued)

E Completing CCC-709 (Continued)

Item	Instructions
9	<p>If the producer selects:</p> <ul style="list-style-type: none"> • item A, “Specific Quantity”, enter a specific quantity • item B, “All”, do not make any other selections for the same farm <p>Note: There can be multiple selections on CCC-709 for different farms.</p> <ul style="list-style-type: none"> • item C, “All Quantity delivered to a specific location”, enter a specific location • item D, “Only quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest.” <p>Note: Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest, only the quantity delivered for immediate sale is eligible. Any quantity stored must be requested on CCC-633 LDP before beneficial interest is lost.</p> <ul style="list-style-type: none"> • item E, “Other”, enter a description, as applicable. <p>Note: This applies to commodities immediately fed or seeded, as applicable.</p>
10	<p>Enter the farm number or numbers where the commodity was produced. ENTER “All” if this request covers production from all farms, as applicable for the commodity.</p>
11	<p>All producers requesting LDP must initial to acknowledge the selected quantity option or options.</p>
Part C	<p>All producers requesting LDP must agree to the certification and sign, enter the percent share of the quantity requested in Part B, and date of signature.</p> <p>All producers requesting a share of the quantity included in the LDP request must agree to the certification by signing CCC-709, entering their percent share of the quantity, and entering the date of signature.</p>

156 Field Direct LDP's (Continued)

E Completing CCC-709 (Continued)

Step	Instructions
Part D	CCC representative shall approve or disapprove CCC-709. Enter the date of approval or disapproval and the name, address, and telephone number of the County Office. Provide a copy to the producer.
Part E	Producers must complete either item 22 or items 23 and 25 when payment is requested and production evidence is not provided at the time of the payment request. County Offices shall complete item 24, as applicable.
22	If the producer requests payment and provides production evidence, check the box and attach production evidence to CCC-709. If the producer requests payment and production evidence is not provided, skip item 22 and proceed to items 23 through 25.
23	Producers must certify dates of delivery, harvest, or ginning.
24	Enter the LDP rate for the applicable commodity for the date in item 23. Note: This item is for County Office use only.
25	Producers must certify the quantity for which LDP is requested based on the date of delivery, harvest, or ginning certified in item 23.

156 Field Direct LDP's (Continued)

F Example of CCC-709

The following is an example of CCC-709.

This form is available electronically. Form Approved - OMB No. 0560-0129

<p>CCC-709 (10-30-02)</p> <p style="text-align: center;">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p style="text-align: center;">DIRECT LOAN DEFICIENCY PAYMENT AGREEMENT</p> <p><i>See Page 2 for Privacy Act and Public Burden Statements.</i></p>	<p>1. Name, Address & ID No. of Contact Producer J.B. Benson Hwy 2, Box 14 Anytown, USA 24569 Telephone Number (Area Code):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">2. Crop Year 20XX</td> <td>3. Commodity/Class/Variety/Type 1/ Rice</td> </tr> </table>	2. Crop Year 20XX	3. Commodity/Class/Variety/Type 1/ Rice
2. Crop Year 20XX	3. Commodity/Class/Variety/Type 1/ Rice		

Use this form BEFORE harvest, ginning, shearing, or delivery for slaughter if you choose to receive LDP payments based on date of delivery for grain, wool, mohair, and unshorn lambs or date of ginning for cotton when you will lose title, control, and risk of loss (beneficial interest) at the time of harvest, shearing, or delivery.

PART A - TERMS AND CONDITIONS (Check the applicable box in Items 4 through 7)

	YES	NO	INITIALS
4. Will any of this commodity be stored on the farm that is not temporary storage or for drying purposes? If "YES", this agreement becomes null and void for that quantity only and you must request LDP on CCC-633 LDP before you lose beneficial interest in that quantity.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JBB
5. Does more than one producer have an interest in the quantity for this request? If "YES", all producers must sign this request.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JBB
6. Will all producers requesting this LDP have title control, and risk of the loss (beneficial interest) in accordance with 7 CFR Parts 1421 and 1427, as applicable (1) at time of ginning for cotton gin direct LDP; or (2) at time of shearing for wool and mohair; (3) at the time of delivery for slaughter for unshorn lamb pelts; (4) at time of harvest for all other LDP requests?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JBB
7. Will this commodity be produced by all producers requesting this LDP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JBB

PART B - APPLICABLE PRODUCTION (Check the applicable box in Items A through E)

8. CHECK (✓)	9. PRODUCTION UNIT	10. FARM NUMBER(S)	11. INITIALS
	A. Specific Quantity: (Please indicate specific quantity)		
<input checked="" type="checkbox"/>	B. All	All	JBB
	C. All quantity delivered to a specific location: (Please indicate delivery location)		
	D. Only quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest.		
	E. Other: (Please provide description)		

PART C - PRODUCER SIGNATURES AND CERTIFICATION

I certify that all information entered on this form is true and correct. By completing and reviewing Part A and by signing this form the producer(s) ("Producer") hereby enters into this agreement with the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees that the loan deficiency payment (LDP) rate in effect for the applicable commodity: (1) for upland cotton on the date of ginning; or (2) for all other commodities on the date of delivery to the processor, buyer, warehouse, or cooperative if the commodity is delivered directly from the field to the processor, buyer, warehouse, or cooperative. The producer further understands that with respect to the commodity described in Part B: (1) to receive payment for the commodity, a request for payment must be made at the County FSA Office where the farm records are kept; (2) that if the commodity is delivered to a farm storage, except for temporary storage or immediate drying, this agreement becomes null and void and a CCC-633 LDP for grain, wool and mohair or CCC-Cotton AA for cotton must be requested before the producer loses beneficial interest in the commodity; (3) any false claim or statement made may lead to civil liability or criminal prosecution; (4) this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (5) this agreement remains in force until such time it is revised or terminated on or before the date of ginning for cotton or date of shearing for wool and mohair, date and delivery for unshorn lamb pelts, or date of harvest for all other requests; (6) that the producer agrees to forgo a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation and that the producer may not repay or refund any LDP amount in order to obtain a commodity loan; (7) CCC may require copies of sales contract for the production represented by this application; (8) this application is subject to determination by CCC of the Producer's eligibility to receive LDP, and that this application and CCC's determination are subject to 7 CFR Part 1427 or 1421, as applicable; (9) CCC shall require the refund of the LDP amount, plus interest from the date of payment if the producer is later determined by CCC to be ineligible for the LDP; and (10) CCC shall assess liquidated damages in accordance with 7 CFR Part 1427 or 1421, as applicable, if the producer misrepresented the eligible commodity indicated above.

12. Signature of Producer(s)	13. Share (%)	14. Date (MM-DD-YYYY)	15. Signature of Producer(s)	16. Share (%)	17. Date (MM-DD-YYYY)
J.B. Benson	100	05-22-2003			

PART D - APPROVAL

18. Approved for CCC By: Ray Jones	20. Date (MM-DD-YYYY) 05-22-2003	21. Name and Address of County FSA Office Arc County FSA Office P.O. Box 434 Anytown, USA 24569
19. Disapproved for CCC By:		

1/ For wool, enter "graded" or "ungraded" as applicable. NOTE: If you have entered "graded wool", also enter the micron and yield from the core test results.

156 Field Direct LDP's (Continued)

G Revising CCC-709

CCC-709 can be revised **before** harvest of the commodity.

If a producer wants to revise CCC-709 during harvest to not include any future quantity harvested for production units specified on CCC-709, require the producer to:

- line through the applicable quantity to be revised
- enter the revised quantity already harvested as applicable, initial and date.

All producers who signed CCC-709 must initial and date all revisions.

H Terminating CCC-709

CCC-709 can be terminated if the producer has **not** harvested **any** of the commodity covered by CCC-709. Once harvest has begun, producers cannot terminate CCC-709.

I Requesting Payment

When quantities have been delivered, producers may request payment by:

- certifying to the quantity delivered and certifying to the date of delivery
- providing production evidence.

Producers are subject to spot check for any certified:

- quantity
- delivery date.

J LDP Rate

The LDP rate for field direct LDP's is:

- based on the rate in effect for the county where the farm records are maintained

Note: Use the rate in effect for another county if the farm records are maintained in another county.

- the rate in effect on date of delivery, for commodities immediately delivered.

157 Basic LDP's**A Types of Basic LDP's**

Basic LDP's are requested for any stored quantity the producer maintains beneficial interest in on date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

B CCC-633 LDP

Basic LDP's are requested on CCC-633 LDP:

- after harvest
- before beneficial interest is lost
- for each class of rice
- according to paragraph 15.

C Canceling LDP Requests

Basic LDP's requested on CCC-633 LDP **cannot** be canceled at any time. Once the producer signs CCC-633 LDP, LDP is obligated to be paid by CCC to the producer.

D Deferred Payments

Payments cannot be deferred or delayed at any time. All payments must be made as soon as possible after the date of request.

E LDP Rate

The LDP rate for basic LDP's is the rate in effect:

- for the county where the commodity is stored
- on the date of request.

158 Completing CCC-633 LDP

A General Instructions

Complete CCC-633 LDP for each LDP requested for stored commodities. Producers' signatures must be obtained for the request to be complete.

The date used to determine the LDP rate will be the date CCC-633 LDP is requested for basic LDP's. The date of request is the date the correctly completed CCC-633 LDP is received in the County Office.

The administrative County Office shall distribute approved CCC-633 LDP's as follows:

- maintain the original in the LDP folder
- give a copy to the contact producer after Part D is complete.

158 Completing CCC-633 LDP (Continued)

B Completion Instructions

Complete CCC-633 LDP according to the following table.

Notes: The producer shall complete items 1 through 5; Part A, items 12 through 18; Part B, items 19 through 22; Part C, items 23 through 25, and if more information is necessary to complete this application, Part E and Part F, as applicable.

All producers sharing in the quantity for this LDP must sign, initial, and date CCC-633 LDP, as applicable.

If the producer is requesting LDP in person, the County Office may assist the producer with items 1 through 5 and Part B, as applicable. The producer must complete Parts A and C.

Item	Instructions
1	Enter the contact producer's name, address, and ID number. Note: The telephone number is optional.
2	Enter the crop year of the commodity for which LDP is requested.
3	Enter the commodity for which LDP is requested.
4	*--Enter the class of rice, as applicable.--*
5	Enter the county where the commodity is stored.
6	Enter name, address, and telephone number of the County Office.
7	Enter the State and county codes for the administrative County Office.
8	Enter producer's farm numbers. Producer may enter farm number, if known. County Offices must verify, as applicable.
9	Enter APSS-assigned LDP number or assigned 90000 series LDP number, if prepared manually.
10	Enter LDP rate based on date the correctly completed CCC-633 LDP is received in the County Office. This date becomes the request date.

158 Completing CCC-633 LDP (Continued)

B Completing Instructions (Continued)

Item	Instructions
11	Enter the applicable CCC-determined value (PCP) used to determine the LDP rate.
12 through 17	<p>All producers requesting this LDP shall:</p> <ul style="list-style-type: none"> • check (✓) the applicable box to select either “yes” or “no” in response to Part A, items 12 through 17 • enter initials in the applicable box for each of the items. <p>All producers, or their representative, signing CCC-633 LDP must ensure that the information in Part A, items 12 through 17 is correct. If the response to item 12, 14, 16, or 17 is “no”, the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the request, as applicable. All other responses are self-explanatory.</p>
18	<p>Producers, or their representative, shall enter the quantity for this LDP.</p> <p>For commodities harvested as other than grain, the quantity can be certified as tons, acres, bushels, or cwt.</p> <p>The quantity can be certified, measured, or based on production evidence. In addition to the quantity, enter “C” for certified.</p> <p>Notes: See Part E for additional entries.</p> <p>If “C” is reported, this LDP is subject to spotcheck for future reference, as applicable.</p>

158 Completing CCC-633 LDP (Continued)

B Completion Instructions (Continued)

Item	Instructions
19	<p>Enter the location where the commodity is stored within the same county identified in item 5. For example, bin number, bin description, and/or land description.</p> <p>Enter the warehouse name if commodity is warehouse-stored.</p> <p>If any commodity is stored in a different county than identified in item 5 and the LDP rate is different, a separate LDP request must be completed.</p> <p>See Part E for additional entries.</p>
20	<p>Enter the date of the LDP request. The date of the request is the date the correctly completed CCC-633 LDP is received in the County Office.</p>
21	<p>Enter the total quantity for the LDP request, which is the sum of item 18 and Part E, item 27.</p>
Part C	<p>All producers requesting a share of the quantity included in the LDP request shall agree to the certification by signing CCC-633 LDP, entering the percent of share and date of signature.</p> <p>Until all signatures are obtained, the request is not complete.</p> <p>For FAXed signatures the request is not complete unless FSA-237 is on file in the County Office.</p> <p>See Part E for additional signatures.</p>
Part D	<p>CCC representative shall approve or disapprove CCC-633 LDP by completing item 25, as applicable. The date entered shall be the date CCC-633 LDP is signed to approve or disapprove the request. County Offices shall also indicate if the quantity requested is reasonable by completing item 26. See Part G for remarks or recording reasons for disapproval, as applicable. Send a copy to the producer.</p>

158 Completing CCC-633 LDP (Continued)

B Completion Instructions (Continued)

This form is available electronically. Form Approved - OMB No. 0560-0129

CCC-633 LDP (10-30-02) LOAN DEFICIENCY PAYMENT CERTIFICATION AND APPLICATION See Page 2 for Privacy Act and Public Burden Statements.		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name, Address and ID No. of Contact Producer J.B. Benson Hwy 2, Box 14 Anytown, USA 24569 Telephone No. (Area Code) (Optional)		2. Crop Year 20XX	3. Commodity Rice
				4. Class/Variety/Type <u>1</u> Long			
				5. County Where Stored Arc			

This form may only be completed **AFTER** harvest or shearing and **BEFORE** losing title, control and risk of loss in the quantity included in this request.

FOR COUNTY OFFICE USE ONLY (Items 6 through 11)

6A. Name of County FSA Office Arc County	6B. Telephone No. (Area Code) (749) 423-6955	7. ST.&CO. Code 12-900	8. Farm Number(s) All	9. LDP Number 234	10. LDP Rate \$ 3.44	11. CCC-Determined Value (PCP) \$ N/A
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PART A - PRODUCER TERMS AND CONDITIONS (Please check applicable "YES" or "NO" Producer must initial for each response in Items 12 through 17)

12. Is the quantity of this request eligible to be pledged as collateral for a CCC loan? (Not applicable to hay, silage or unshorn pelts)	YES	NO	INITIALS	15. Has any producer requesting this LDP entered into a contract or option to purchase either verbally or in writing?	YES	NO	INITIALS
	<input checked="" type="checkbox"/>		JBB			<input checked="" type="checkbox"/>	JBB
13. Does more than one producer have an interest in the quantity for this request? If "YES", all producers must sign this request.		<input checked="" type="checkbox"/>	JBB	16. Was the quantity of this request produced by all producers requesting this LDP and has not been purchased or acquired directly or indirectly from any other source?	<input checked="" type="checkbox"/>		JBB
14. Do all producers requesting this LDP have title, control, and risk of loss (beneficial interest) in accordance with 7 CFR Part 1421 at the time of this LDP request?	<input checked="" type="checkbox"/>		JBB	17. Is this the only LDP requested for this quantity?	<input checked="" type="checkbox"/>		JBB

PART B - PRODUCER PAYMENT INFORMATION. (If more space is needed, use Part E)

18. Quantity Requested and Unit of Measure 566 cwt.	19. Stored Location Bin 1	18. Quantity Requested and Unit of Measure	19. Stored Location	20. Date Requested (MM-DD-YYYY) 07-20-2003
				21. Total Quantity Requested 566 cwt.

PART C - PRODUCER SIGNATURE AND CERTIFICATION. (If more space is needed, use Part F)

I certify that all information entered on this form is true and correct. By completing and reviewing Part A and by signing this form the producer(s) ("Producer"), hereby makes a claim for payment from the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees to accept the loan deficiency payment (LDP) rate in effect for the applicable commodity for the county where the commodity is stored and the rate in effect as of the date of this LDP request, when all signatures are obtained. The producer further understands that with respect to the commodity described in Part B: (1) to receive payment for the commodity, a request for payment must be made at the County FSA Office where the farm records are kept; (2) any false claim or false statement made may lead to civil liability or criminal prosecution; (3) this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (4) that the producer agrees to forego a commodity loan on the quantity requested for LDP and that the producer may not repay or refund any LDP amount in order to obtain a commodity loan; (5) CCC may require copies of sales contracts for the production represented by this application; (6) this application is subject to determination by CCC of the Producer's eligibility to receive LDP, and that this application and CCC's determination are subject to 7 CFR Part 1421, as applicable; (7) CCC shall require the refund of the LDP amount, plus interest from the date of payment if the producer is later determined by CCC to be ineligible for the LDP; and (8) CCC shall assess liquidated damages in accordance with 7 CFR Part 1421, as applicable, if the producer misrepresented the eligible commodity indicated above, and (9) that maximum eligible quantity determinations must equal the yield used for determining disaster or crop insurance payments, as applicable.

22. Producer's Signature J.B. Benson	23. Share% 100	24. Date (MM-DD-YYYY) 07-20-2003	22. Producer's Signature	23. Share%	24. Date (MM-DD-YYYY)	22. Producer's Signature	23. Share%	24. Date (MM-DD-YYYY)
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PART D - CCC APPROVAL OR DISAPPROVAL. (If Disapproved, complete Item 33)

25A. Signature of CCC Ray Jones	B. Title CED	C. Date (MM-DD-YYYY) 07-20-2003	D. Action <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved	26. The quantity requested for this LDP is reasonable? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
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1/ For sunflowers, enter "oil" or "other" as applicable. For wool, enter "graded" or "ungraded" as applicable. NOTE: If you have entered "graded", also enter the micron and yield from the core test results.

159 CCC-700 and CCC-700A

A Purpose

CCC-700 and CCC-700A are APSS computer-generated forms used to illustrate LDP payment information and, if applicable, marketing certificate payment information.

Note: County Offices shall manually prepare these forms when the computer is inoperable
--according to 8-LP, Part 3 and manually issue payments on CCC-184 prepared--
according to 1-FI.

* * *

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-184	CCC Check		128, 159
CCC-500	Loan Repayment Receipt		106, 107
CCC-666	Farm Stored Loan Quantity Certification		46, 57
CCC-633 LDP	Loan Deficiency Payment Certification and Application	158	Text
CCC-676	LDP and Loan Number Register		56, 106
CCC-677	Farm Storage Note and Security Agreement		4, 91, 107
CCC-677-1	Farm Storage Loan Worksheet		57, 154
CCC-678	Warehouse Storage Note and Security Agreement		4, 91, 107
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale		91, 92, 106, 108
CCC-681-1A	CCC-681-1 Continuation Sheet		107
CCC-685	Authorization to Release Warehouse Receipts		108

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-691	Commodity Delivery Notice		131
CCC-692	Settlement Statement		128
CCC-694-1	CCC-Determined Value and Commodity Certificate Worksheet		105-107
CCC-694-2	Acknowledgment of Commodity Certificate Purchase		107, 108
CCC-697	Request to Lock in a Market Loan Repayment Rate		90, 91, 105
CCC-700	Loan Deficiency Payment Statement		159
CCC-700A	Loan Deficiency Payment Statement Continuation (Continuation of CCC-700)		159
CCC-709	Direct Loan Deficiency Payment Agreement	156	152, 153
CCC-1099-A	Report of Loan Forfeiture, Settlement, and Abandonment to Producer		105
FSA-211	Power of Attorney		107
FSA-409	Measurement Service Record		154
UCC-1	National Financing Statement		56
UCC-1F	Effective Financing Statement		56

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
CMA	Cooperative Marketing Association	Text
cwt.	hundredweight	68, 158
UGRSA	Uniform Grain and Rice Storage Agreement	35, 57, 58, 125, 126, 142

Redelegations of Authority

None

Definitions of Terms Used in This Handbook

Adjusted World Price (AWP)

AWP is the world price for whole kernels and broken rice for the applicable class of rice, adjusted for the national average milling yield.

Aromatic Rice

Aromatic rice is rice that emits a unique aroma when cooked and is commonly referred to as jasmine-type or basmati-type rice.

Notes: FSA field personnel will not be required to make a determination whether rice is aromatic when performing a measurement service or spot check.

Almost all aromatic rice is grown under contract, and the variety contracted may be 1 of, but not limited to, the following:

- Cal A301
- Della
- Delmont
- Jasmine 85
- Texmati.

AWP Repayment Rate

The AWP repayment rate is the difference between the national average loan rate and AWP, subtracted from the individual producer's loan rate.

The AWP repayment rate is the repayment rate at which the producer repays the loan under the marketing loan or marketing assistance loan repayment provisions.

Eligible Producer

An eligible producer may participate in the loan and LDP programs for a farm if the producer:

- shares in the risk of producing rice on a farm
- has beneficial interest in the rice for which a loan or LDP is requested
- has met all other eligible requirements according to 8-LP, Part 2.

Definitions of Terms Used in This Handbook (Continued)**Loan Deficiency Payment (LDP)**

LDP's are payments made to producers who, although eligible to obtain a CCC marketing assistance loan, agree to forgo the loan in return for a payment on the rice.

The amount of LDP is the difference between the loan rate based on the national average milling yield and AWP, times the quantity.

Low Quality Rice

Low quality rice is rice that grades 6 or Sample Grade according to Exhibit 5 and the United States Standards for Rice.

Marketing Assistance Loans

Marketing assistance loans are loans authorized by the Agricultural Market Transition Act program included in the Federal Agriculture Improvement and Reform Act of 1996.

National Average Loan Rate

The national average loan rate is the loan rate for whole kernels and broken rice for the applicable class of rice, adjusted for the national average milling yield.

World Market Index

The world market index is a number that APSS compares to the whole kernel loan rate to determine the LDP rate or the market loan gain rate.

A world market index will be posted weekly for each class of rice on either of the following:

- www.fsa.usda.gov/dafp/psd
- “Daily Market Rates” downloaded from KCCO.

The whole kernel loan rate minus the world market index is equal to the LDP rate or the market loan gain rate.

Rice Requirements

A Quality Factors

The following table gives the quality factor standards for rice pledged for warehouse-stored loans.

Quality Factor	Requirement	Low Quality Rice
Grade	Must grade U.S. No. 5 or better (Loan rate based on U.S. No. 2)	U.S. No. 6 or U.S. Sample Grade
Moisture	Cannot exceed 14.0 Percent Exception: The moisture percentage on the warehouse receipt may exceed 14.0 percent if the warehouse receipt is accompanied by a supplemental certificate that shows the moisture level and quantity after drying or blending.	Over 14.0 Percent If rice is not dried to acceptable moisture percent, adjust the quantity according to subparagraph C.

B Special Grade Designations

Rice is eligible for loan at a reduced loan rate if any of the following special grade designations are present:

- parboiled
- smutty
- infested
- glutinous.

Rice Requirements (Continued)

C Adjustments for Farm-Stored Rice

The loan quantity for farm-stored rice may be reduced:

- at the producer's request for any reason
- by COC to reflect a quantity at 14.0 percent moisture, according to 8-LP, Exhibit 11, if both of the following apply:
 - the moisture is determined to be more than 14.0 percent
 - COC determines the producer has the facilities to dry the rice.

D Aromatic Rice

See paragraphs 57 and 125 for special storage and delivery requirements for aromatic rice.

Loan Rates and Discounts

A Loan Values for 2002 Crop Whole Kernels and Broken Rice

The following table provides the loan values for 2002 crop whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Cents Per Pound)	Broken Rice (Cents Per Pound)
Long grain	10.66	5.33
Medium grain	9.66	5.33
Short grain	9.66	5.33

B Calculating Warehouse Loan Rates

Calculate the loan rate for warehouse-stored loans using the:

- whole kernel rice yield and total rice yield

Note: Obtain these yields from the warehouse receipt.

- loan value in subparagraph A.

C Example of a Loan Rate Calculation

An example of a loan rate calculation for 2002 crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.66) = \$5.97
- broken rice yield (.12) x loan value (\$5.33) = \$0.64
- loan rate per 100 pounds is \$5.97 + \$0.64 = \$6.61
- *--adjust for discounts according to page 3 of this exhibit.--*

Loan Rates and Discounts (Continued)

D Farm-Stored Loan Rates for 2002 Crop

The following table provides the loan rates for **2002** crop farm-stored rice:

- per cwt
- by class.

States	Long Grain	Medium Grain	Short Grain
Arkansas	\$6.63	\$6.12	\$6.12
California	6.46	6.08	6.12
Louisiana	6.61	6.04	6.12
Mississippi	6.56	6.09	6.12
Missouri	6.59	6.09	6.12
Texas	6.99	5.84	6.12
All other States	6.66	6.09	6.12

Loan Rates and Discounts (Continued)

E 2002 Crop Rice Grade Discounts

The following table provides the grade discounts for **2002** crop rice.

Grade	Discount Per Cwt.
U.S. No. 2	0
U.S. No. 3	\$0.30
U.S. No. 4	\$0.60
U.S. No. 5	\$1.00
U.S. No. 6	\$2.00
Sample grade	\$5.50

F 2002 Crop Smut Discount

The following table provides the smut discount for **2002** crop rice.

Smut Damage Percent	Discount Per Cwt.
Trace	0
.1 - 1.0	\$0.05
1.1 - 2.0	\$0.10
2.1 - 3.0	\$0.15

Note: Rice that contains more than 3 percent smut qualifies as low quality rice. In addition, by being smutty, it is also sample grade.

Example: Rice loan \$6.50 cwt minus sample grade discount of \$5.50 cwt = \$1.00 cwt.

In addition, the 1.00 cwt is reduced: $\$1.00 \times \$0.20 \text{ cwt} = \$0.20 \text{ per cwt}$.

Loan value or proceeds is 20 percent of discounted value:
 $\$1.00 \text{ cwt} \times .2 = \0.20 cwt .

Loan Rates and Discounts (Continued)

G Loan Values for 2003 Crop Whole Kernels and Broken Rice

The following table provides the loan values for **2003** crop whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Cents Per Pound)	Broken Rice (Cents Per Pound)
Long grain	10.65	5.33
Medium grain	9.65	5.33
Short grain	9.65	5.33

H Calculating Warehouse Loan Rates

Calculate the loan rate for warehouse-stored loans using the:

- whole kernel rice yield and total rice yield

Note: Obtain these yields from the warehouse receipt.

- loan value in subparagraph A.

I Example of a Loan Rate Calculation

An example of a loan rate calculation for 2003 crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.65) = \$5.96
- broken rice yield (.12) x loan value (\$5.33) = \$0.64
- loan rate per 100 pounds is \$5.96 + \$0.64 = \$6.60
- adjust for discounts according to page 6 of this exhibit.

Loan Rates and Discounts (Continued)

J Farm-Stored Loan Rates for 2003 Crop

The following table provides the loan rates for 2003 crop farm-stored rice:

- per cwt
- by class.

States	Long Grain	Medium Grain	Short Grain
Arkansas	\$6.65	\$6.11	\$6.18
California	6.46	6.09	6.18
Louisiana	6.65	5.93	6.18
Mississippi	6.56	6.09	6.18
Missouri	6.48	6.09	6.18
Texas	6.95	6.09	6.18
All other States	6.64	6.09	6.18

Loan Rates and Discounts (Continued)

K 2003 Crop Rice Grade Discounts

The following table provides the grade discounts for 2003 crop rice.

Grade	Discount Per Cwt.
U.S. No. 2	0
U.S. No. 3	\$0.30
U.S. No. 4	\$0.60
U.S. No. 5	\$1.00
U.S. No. 6	\$2.00
Sample grade	\$5.50

L 2003 Crop Smut Discount

The following table provides the smut discount for 2003 crop rice.

Smut Damage Percent	Discount Per Cwt.
Trace	0
.1 - 1.0	\$0.05
1.1 - 2.0	\$0.10
2.1 - 3.0	\$0.15

Note: Rice that contains more than 3 percent smut qualifies as low quality rice. In addition, by being smutty, it is also sample grade. Low quantity rice is eligible for loan at 20 percent of the grade discounted loan value.

Example: Rice loan \$6.65 cwt. minus sample grade discount of \$5.50 cwt. = \$1.10 cwt.

\$1.10 cwt x 20 percent = \$0.22.

The loan rate for loan quality rice is \$0.22 per cwt.

Loan Rates and Discounts (Continued)

***--M Loan Values for 2004 Crop Whole Kernels and Broken Rice**

The following table provides the loan values for **2004** crop whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Cents Per Pound)	Broken Rice (Cents Per Pound)
Long grain	10.61	5.31
Medium grain	9.61	5.31
Short grain	9.61	5.31

N Calculating Warehouse Loan Rates

Calculate the loan rate for warehouse-stored loans using the:

- whole kernel rice yield and total rice yield

Note: Obtain these yields from the warehouse receipt.

- loan value in subparagraph A.

O Example of a Loan Rate Calculation

An example of a loan rate calculation for 2004 crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.61) = \$5.94
- broken rice yield (.12) x loan value (\$5.31) = \$0.64
- loan rate per 100 pounds is \$5.94 + \$0.64 = \$6.58
- adjust for discounts according to page 9 of this exhibit.--*

Loan Rates and Discounts (Continued)

***--P Farm-Stored Loan Rates for 2004 Crop**

The following table provides the loan rates for **2004** crop farm-stored rice:

- per cwt
- by class.

States	Long Grain	Medium Grain	Short Grain
Arkansas	\$6.60	\$6.07	\$6.12
California	6.44	6.04	6.12
Louisiana	6.70	5.95	6.12
Mississippi	6.65	6.04	6.12
Missouri	6.58	6.04	6.12
Texas	6.98	6.04	6.12
All other States	6.66	6.04	6.12

--*

Loan Rates and Discounts (Continued)

***--Q 2004 Crop Rice Grade Discounts**

The following table provides the grade discounts for **2004** crop rice.

Grade	Discount Per Cwt.
U.S. No. 2	0
U.S. No. 3	\$0.30
U.S. No. 4	\$0.60
U.S. No. 5	\$1.00
U.S. No. 6	\$2.00
Sample grade	\$5.50

R 2004 Crop Smut Discount

The following table provides the smut discount for **2004** crop rice.

Smut Damage Percent	Discount Per Cwt.
Trace	0
.1 - 1.0	\$0.05
1.1 - 2.0	\$0.10
2.1 - 3.0	\$0.15

Note: Rice that contains more than 3 percent smut qualifies as low quality rice. In addition, by being smutty, it is also sample grade.

Example: Rice loan \$6.50 cwt minus sample grade discount of \$5.50 cwt = \$1.00 cwt.

In addition, the 1.00 cwt is reduced: $\$1.00 \times \$0.20 \text{ cwt} = \$0.20 \text{ per cwt}$.

Loan value or proceeds is 20 percent of discounted value:

$\$1.00 \text{ cwt} \times .2 = \$0.20 \text{ cwt.}--*$

